

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

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SUBJECT: IMPLICATIONS OF CURRENT DROUGHT

1. CURRENT DROUGHT SITUATION IN DOMINICAN REPUBLIC IS SEVERE AND FINANCING OF NEEDED FOOD IMPORTS, COMBINED WITH REDUCED SUGAR EXPORTS AND REDUCES PRICES FOR SUGAR, COULD ELIMINATE MUCH OF CURRENTLY ANTICIPATED BP SURPLUS.

2. EVIDENCE WHILE STILL FRAGMENTARY, SUGGESTS SITUATION TO BE AS FOLLOWS: DROUGHT IS NOT YET AS BAD AS 1967 BUT IS EXPECTED TO BE AS BAD AS ANY YEAR SINCE THAT TIME. MOST FOOD PRODUCTION AREAS HAVE SUFFERED A RAINFALL DEFICIENCY BETWEEN 40PERCENT AND 60PERCENT OF NORMAL BETWEEN EARLY JANUARY AND END APRIL.

3. GODR REGARDS SITUATION AS SERIOUS AND POTENTIALLY OF CRISIS PROPORTIONS AND HAS UNDERTAKEN EXTENSIVE ANALYSIS UNDER LEADERSHIP OF THE SECRETARY OF AGRICULTURE. THE RESULTS OF THE PRESENT STUDIES ARE EXPECTED TO BE PRESENTED TO THE PRESIDENT WITHIN THE NEXT TWO OR THREE DAYS IN A REPORT SIGNED BY THE HEADS OF PRINCIPAL AGRICULTURAL ORGANIZATIONS, THE HEAD OF CEDOPEX AND THE TECHNICAL SECRETARY OF THE PRESIDENCY.

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4. RE PRODUCTION OF FOOD CROPS, LACK OF RAINFALL HAS INHIBITED SPRING PLANTING. LESS THAN 60PERCENT OF ACREAGE NORMALLY PLANTED IS ESTIMATED TO BE IN CROPS. OF CROPS PLANTED LOSSES ARE EXPECTED TO BE HIGH, E.H. UP H 50PERCENT LOSS IN RICE PLANTED. LESS THAN ONE-QUARTER NORMAL ACREAGE IS SOWN WITH CORN. BEAN ACREAGE IS DOWN OVER 50PERCENT. MINOR CROPS SHOW SIMILAR DECREASED ACREAGE PLANTED.

5. GOVERNMENT INSTITUTIONS STAND READY TO MOVE QUICKLY. AGBANK HAS \$32 MILLION IN APPROVED LOANS WAITING TO BE DISBURSED AT FIRST PROPITIOUS OPPORTUNITY. AG SECRETARIAT SET TO UNDERTAKE NATIONAL CAMPAIGN, SUBSTITUTING SHORT CYCLE CROPS LIKE CORN, YUCCA, SWEET POTATOES, PLANTAINS, IN LIEU CROPS E.G. RICE WHICH TAKE 120-18 DAYS TO MATURE. AGENCY HEADS RECOMMENDING

MISSIONS TO COLOMBIA, VENEZUELA AND MEXICO TO OBTAIN ADAPTABLE CORN, BEAN AND RICE SEED. RURAL FARMERS SAID TO BE EATING SEED GRAIN SET ASIDE FOR PLANTING. ALSO RECOMMENDING GIVING ADDED EMPHASIS TO SECOND PLANTING CYCLE WHICH NORMALLY MUCH SMALLER THAN SPRING CYCLE.

6. AGENCY HEADS EXPECTED TO RECOMMEND TO PRESIDENT IMMEDIATE IMPORTATION 500,000 QUINTALES RICE, 600,000 QUINTALES CORN AND 100,000 QUINTALES BEANS. UNDERSTAND U.S. EXPORTERS ALREADY HAVE CCC AUTHORIZATION EXPORT UP TO \$40.0 MILLION WORTH RICE TO DOMINICAN REPUBLIC.

7. DROUGHT EXPECTED TO REDUCE CANE TONNAGE SIGNIFICANTLY OVER NEXT YEAR, BUT TO AFFECT 1975 SUGAR EXPORTS ONLY marginally -- BY PERHAPS 10PERCENT. FOOD IMPORTS IN 1973 ARE ESTIMATED AT \$75 MILLION, ABOUT DOUBLE THAT OF PREVIOUS FIVE YEARS. WE ESTIMATE 1974 IMPORTS ABOVE \$130 MILLION. WHILE PRICES ARE SOFTER, QUANTITIES OF RICE, BEANS AND CORN COULD INCREASE TO POINT WHERE FOOD IMPORTS COULD TOTAL \$150 TO \$160 MILLION IN 1975. IT SEEMS POSSIBLE AT THIS POINT TO SEE IMPROVEMENT IN REVENUES HALVED OR EVEN MORE.

8. GODR HAS NOT ASKED EMBASSY FOR P.L. 480 TITLE I RELIEF ON RICE PARTICULARLY, BUT BELIEVE WE SHOULD EXPECT SUCH REQUEST. WOULD APPRECIATE GUIDANCE ON AVAILABILITIES AND ANY CONDITIONS WHICH MIGHT ATTACH TO SUCH TRANSACTION.

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9. FOREGOING BASED ON CLEARLY TENTATIVE ANALYSES OF EMB, USAID, AND AGATT. AS INFORMATION AND DATA IS DEVELOPED AND REFINED, WE WILL KEEP YOU INFORMED.
DECONTROL 5/16/79.
HURWITCH

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